

Message Text

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17

ACTION XMB-07

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03

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R 041910Z APR 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9555

UNCLAS LIMA 2630

EO 11652 N/A

TAGS: BPRO, PE

SUBJ: EXIM BANK CREDIT FOR AIRCRAFT PURCHASE

REF: LIMA 1801, 2070

1. EMBASSY UNDERSTANDS THAT EXIM BANK REQUIRES INFORMATION ON THE STATUS OF COFIDE TO ASSIST IT IN CONSIDERATION OF REQUEST FOR FINANCING OF AIRCRAFT PURCHASE FOR AEROPERU. AS INDICATED IN PARAGRAPH 1 OF LIMA 1801, LOAN WOULD BE MADE TO COFIDE WHICH WILL IN TURN MAKE FINANCING AVAILABLE TO AEROPERU.

2. COFIDE (CORPORACION FINANCIERA DE DESARROLLO - DEVELOPMENT FINANCE CORPORATION) WAS ESTABLISHED BY DECREE LAW 18807 OF MARCH 18, 1971 AS A PUBLIC ENTERPRISE OF THE STATE. ITS FUNCTIONS INCLUDE (1) COORDINATION OF FINANCIAL ACTIVITIES OF OTHER PUBLIC ENTERPRISES; (2) HOLDING AND ADMINISTERING THESE SHARES OWNED BY THE GOVERNMENT IN VARIOUS ENTERPRISES; (3) ESTABLISHING AND FURTHERING THE DEVELOPMENT OF ENTERPRISES, PARTICIPATING IN WHILE OR IN PART OF THEIR OWNERSHIP; (4) FORMATION AND EXPANSION OF ENTERPRISES CONTRIBUTING TO DEVELOPMENT, INCLUDING SOCIAL PROPERTY ENTERPRISES; AND (5) CONTRIBUTING TO THE EXPANSION OF THE CAPITAL MARKET.

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3. SUBSEQUENT DECREE LAWS AND SUPREME DECREES PROVIDE

THAT COFIDE SHALL HOLD ALL SHARES OWNED BY THE STATE IN THE CENTRAL MORTGAGE BANK, THE INDUSTRIAL BANK OF PERU, AND THE MINING BANK OF PERU; THAT ANY CAPITAL CONTRIBUTION TO BE MADE BY THE STATE TO PUBLIC ENTERPRISES SHALL BE MADE THROUGH COFIDE; THAT ALL PUBLIC ENTERPRISES WITH THE EXCEPTION OF STATE BANKS SHALL NEGOTIATE THEIR MEDIUM AND LONG TERM CREDITS EXCLUSIVELY WITH COFIDE; AND THAT THE SHARES OF THE STATE IN SUCH PUBLIC ENTERPRISES SHALL BE TURNED OVER TO COFIDE. LEGISLATION ALSO EMPOWERS COFIDE TO OBTAIN FOREIGN LOANS AND, WHEN NECESSARY, TO SIGN LOANS ON BEHALF OF PERUVIAN GOVERNMENT. COFIDE HAS SIGNED LOANS WITH NUMEROUS FOREIGN COMMERCIAL AND GOVERNMENT BANKS.

4. COFIDE'S ROLE IS HENCE THAT OF A STATE DEVELOPMENT BANK PLAYING A CENTRAL ROLE IN THE FINANCING OF PERU¹⁷, RAPIDLY GROWING PUBLIC SECTOR. AS A SEMI-AUTONOMOUS INSTITUTION OF THE PERUVIAN GOVERNMENT, IT MUST BE CONSIDERED TO HAVE THE SAME CREDIT RATING AS OTHER GOVERNMENT ENTITIES. COPIES OF COFIDE'S ANNUAL REPORT FOR 1972 (LATEST AVAILABLE) AND A COMPILATION OF THE LEGISLATION PERTAINING TO COFIDE ARE BEING FURNISHED. THE EMBASSY HOPES THAT THE FOREGOING WILL SERVE TO REASSURE THE EXIM BANK AS TO THE STATUS OF COFIDE AND THAT THE EXIM BANK WILL FIND IT POSSIBLE TO APPROVE THE EXTENSION OF CREDIT TO COFIDE FOR PURPOSES SUCH AS THE PURCHASE OF U.S. AIRCRAFT. SHOULD EXIM BANK HAVE FURTHER QUESTIONS CONCERNING COFIDE OR OTHER GOV. ENTITIES, THE EMBASSY WILL DO ITS BEST TO RESPOND TO THEM.

5. EMBASSY RECOMMENDS THAT TECHNICAL LEVEL COFIDE PERSONNEL HAVE OPPORTUNITY TO CONSULT FOR A FEW DAYS WITH EXIM BANK IN WASHINGTON. THIS WOULD AFFORD FIRST-HAND OPPORTUNITY FOR COFIDE AND EXIM BANK TO BECOME FAMILIAR WITH EACH OTHER'S REQUIREMENTS AND OPERATING PROCEDURES. SUCH CONTACTS COULD WELL PROVIDE EXCELLENT OPPORTUNITY FOR FUTURE COOPERATION. EMBASSY INFORMED SUCH VISIT ALREADY DISCUSSED IN WASHINGTON WITH PERUVIAN EMBASSY AND NOW UNDER CONSIDERATION IN MINISTRY OF ECONOMY.
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